

**BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of

Lifeline and Link-Up

WC Docket No. 03-109

COMMENTS OF SBC COMMUNICATIONS INC.

SBC Communications Inc. (“SBC”) respectfully submits these comments in support of the request by the State of California and the California Public Utilities Commission (“CPUC”) for an extension of time to comply with the Commission’s requirement that all states adopt certification procedures to document income-based eligibility for Lifeline/Linkup enrollment, which currently is scheduled to go into effect on June 22, 2005.¹ In the *Lifeline Order*, the Commission conditioned continued federal support for state Lifeline/Linkup programs (such as California’s Universal Lifeline Telephone Service – or ULTS) on implementation of this requirement.² However, as the CPUC explained in its petition, the CPUC cannot complete the procedural and other steps necessary to implement the new certification and verification requirements by next month – indeed, as a result of implementing an entirely new income verification process, it will be unable to complete implementation until early next year. Consequently, unless the Commission extends the deadline for compliance with those requirements as the CPUC requests, millions of low-income consumers in California will lose federal Lifeline and Linkup support, putting their continued telephone service at risk, contrary to federal universal service objectives. The Commission therefore should grant the CPUC’s

¹ See 47 C.F.R. § 54.410(a) (2); *id.*, effective date note.

² *Lifeline and Link-up*, WC Docket No. 03-109, Report and Order and Further Notice of Proposed Rulemaking, 19 FCC Rcd 8302 (2004) (*Lifeline Order*).

request for an extension of the deadline for adopting certification and verification procedures for income-based eligibility for Lifeline and Linkup support until March 1, 2006.

I. THE CPUC CANNOT COMPLETE IMPLEMENTATION OF THE INCOME-BASED CERTIFICATION AND VERIFICATION PROCEDURES UNTIL EARLY 2006.

In the *Lifeline Order*, the Commission modified its rules to improve the effectiveness of the low-income universal service support mechanisms. Among other things, the Commission expanded the federal default eligibility criteria to include an income-based criterion and additional means-tested programs, and urged states with their own low-income support programs to adopt similar eligibility criteria.³ In addition, in order to prevent the possibility of waste, fraud, and abuse, and ensure that only qualified individuals receive federal low-income support, the Commission required all states, including non-default states, utilizing income-based eligibility criteria to adopt procedures to document income-based eligibility.⁴ To qualify for continued federal support of California's ULTS program, the CPUC must implement this documentation requirement by June 22, 2005.

Since the Commission's *Lifeline Order* was adopted, the CPUC has been working diligently to implement the Commission's new income-based eligibility certification and verification requirements, but still will be unable to complete the procedural and other steps necessary to implement those requirements by June 22. As detailed in the CPUC's petition, the CPUC has been engaged in an on-going review of its low-income ULTS program, which provides support to approximately 3.5 million low-income consumers, to determine how best to comply with the Commission's *Lifeline Order*, while continuing to meet state and federal universal service objectives. That review culminated in a decision, which was adopted on April 7, 2005, to overhaul the ULTS program. In that decision, consistent with the objectives and requirements of the *Lifeline Order*, the CPUC adopted program-based eligibility criteria for

³ *Lifeline Order* at paras. 7-18.

⁴ *Lifeline Order* at paras. 28-32.

participation in the ULTS in addition to the income-based criteria previously in effect, and an income-based certification and verification process, which will require ULTS applicants to provide appropriate documentation of their eligibility to participate in the program and will replace the program's existing self-certification process.

In addition, the CPUC established a third party administrator (TPA) to develop and manage centralized third-party verification procedures (TPV), rather than rely on telecommunications carriers to confirm consumer eligibility to participate in ULTS. The TPA, which has not yet been selected, also has been charged with developing a mechanized system for communicating with carriers and creating a website to provide an easily accessible site for program beneficiaries and carriers to obtain information about the program.

SBC strongly supports this decision because it will ensure consistency and increase program efficiency, and thus reduce administrative costs. Using a third party administrator also will increase public confidence in the program by removing carriers from the eligibility verification process. Under the Commission's new income-based eligibility certification and verification process, low-income consumers will be required to provide documentation of their eligibility to participate in the program when enrolling. While the Commission is concerned about minimizing fraud and abuse, these customers understandably may be reluctant to provide such highly sensitive and confidential information and documentation to commercial enterprises, like carriers. The new documentation requirement thus could dissuade low-income consumers from enrolling in the Lifeline and Linkup programs, contrary to the universal service goals of the 1996 Act. The CPUC's third party verification procedures strikes an appropriate balance between these consumers' privacy concerns and the Commission's interest in program integrity by ensuring that an agent of the state obtains appropriate documentation and verification of applicants' program eligibility. Finally, the TPV procedures will provide the added benefit of allowing carriers to focus on providing service to low income consumers rather than ensuring their compliance with program rules.

Selecting the new TPA and implementing new TPV procedures will require additional administrative proceedings that will take approximately another nine months to complete. As an administrative agency, the CPUC is required to follow certain procedures to amend the CPUC's General Order ("GO") 153 (which governs ULTS policies and procedures) and ensure that interested parties have an adequate opportunity to participate in that process. It also is required to follow certain processes to ensure that state procurement requirements are met in selecting a TPA to administer the new certification and verification procedures. To date, the CPUC has conducted three workshops open to all carriers and the public to develop program requirements and determine the scope of the TPA's responsibilities. These workshops also developed new certification and verification forms, and established requirements for the website and the TPA's master database.

The CPUC is scheduled to hold additional workshops on June 8 and 9, 2005 to revise and update GO 153, and has established the following schedule for additional procedural milestones:

May 13, 2005	CPUC staff will issue a Request for Proposal regarding the role of TPA.
August 1, 2005	CPUC staff will solicit comments on a workshop report regarding proposed revisions to GO 153.
August 10, 2005	The CPUC will select a TPA according to state contracting rules and procurement procedures, and submit a draft TPA contract to the California Department of General Services ("DGS") for approval.
September 2, 2005	DGS will approve the TPA contract.
September 19, 2005	TPA contract will go into effect. The CPUC anticipates that the TPA will require several months to establish operating procedures, create a mechanized system for communicating with carriers, and develop a new website.
September 22, 2005	The CPUC will adopt a decision approving revisions to GO 153 and addressing implementation issues.

Implementing the CPUC's decision thus will require significant additional work by the agency, the TPA selected by the CPUC, and the industry to implement the Commission's new

certification and verification requirements. The CPUC has estimated that implementation will be completed, and the TPA up and running by early 2006, and March 1, 2006 at the latest.

**II. FAILURE TO GRANT THE CPUC AN EXTENSION WILL JEOPARDIZE
FEDERAL SUPPORT TO MILLIONS OF LOW-INCOME CONSUMERS IN
CALIFORNIA.**

As previously observed, in the *Lifeline Order*, the Commission conditioned continued federal support for state Lifeline/Linkup programs that rely on income-based eligibility criteria on implementation of the Commission's new certification and verification requirements. But, as the CPUC has explained, it cannot complete the procedural and other steps necessary to implement the new certification and verification requirements until early next year. Consequently, unless the Commission grants California an extension of the deadline, millions of low-income consumers in California will lose federal Lifeline and Linkup support, which provides the bulk of ULTS funding. Indeed, approximately 58 percent of all funds distributed through ULTS are federal funds, and approximately 75 percent of the monthly low-income subsidies provided to eligible customers through ULTS are Lifeline funds. Cutting off federal funding for California's ULTS thus would eliminate the lion's share of support for the state's 3.5 million low-income consumers, and putting their continued telephone service at risk contrary to federal universal service objectives. SBC therefore urges the Commission to extend the compliance deadline to March 1, 2006, in order to preserve this vital government assistance.

Respectfully submitted,

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